

AMENDED IN SENATE APRIL 27, 2016

SENATE BILL

No. 1456

Introduced by Senator Galgiani

February 19, 2016

An act to amend Section 116761.20 of the Health and Safety Code, relating to drinking water, and making an appropriation therefor.

LEGISLATIVE COUNSEL'S DIGEST

SB 1456, as amended, Galgiani. Safe Drinking Water State Revolving Fund Law of 1997: public water systems: financing.

Existing law establishes the Safe Drinking Water State Revolving Fund, and moneys in the fund are continuously appropriated to the State Water Resources Control Board for the provision of grants and revolving fund loans to provide for the design and construction of projects for public water systems that will enable suppliers to meet safe drinking water standards. Existing law, for community public water systems and not-for-profit noncommunity public water systems, allows planning and preliminary engineering studies, project design, and construction costs incurred by those public water systems to be funded by loans and other repayable financing. Existing law additionally allows, if those public water systems are owned by public agencies or not-for-profit water companies, those specified costs to be funded by grants, principal forgiveness, or a combination of grants and loans or other financial assistance.

This bill would authorize the above-described costs to be funded by loans or other repayable financing, grants, principal forgiveness, or a combination of grants and loans or other financial assistance, regardless of whether the public water system is a community public water system or a not-for-profit noncommunity public water system, or whether the

public water system is owned by a public agency or private not-for-profit water company. By expanding the use of moneys in a continuously appropriated fund, this bill would make an appropriation. *The bill, for a public water system that is a water corporation regulated by the Public Utilities Commission, would limit the principal forgiveness to capital improvements serving severely disadvantaged communities with fewer than 200 service connections.*

Existing law deems a public agency or private not-for-profit water company serving a severely disadvantaged community with fewer than 200 service connections and that owns a small community water system or nontransient community water system to have no ability to repay any financing for a project serving the severely disadvantaged community.

This bill would apply this finding to ~~any~~ a public water system ~~serving that is not a water corporation regulated by the Public Utilities Commission and that serves~~ a severely disadvantaged community with fewer than 200 service connections.

Vote: majority. Appropriation: yes. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

- 1 SECTION 1. Section 116761.20 of the Health and Safety Code
- 2 is amended to read:
- 3 116761.20. (a) Planning and preliminary engineering studies,
- 4 project design, and construction costs incurred by a public water
- 5 system may be funded under this chapter by loans or other
- 6 repayable financing, grants, principal forgiveness, or a combination
- 7 of grants and loans or other financial assistance.
- 8 (b) (1) The board shall determine what portion of the full costs
- 9 the public water system is capable of repaying and authorize
- 10 funding in the form of a loan or other repayable financing for that
- 11 amount. The board shall authorize a grant or principal forgiveness
- 12 only to the extent the board finds the public water system is unable
- 13 to repay the full costs of the financing.
- 14 (2) *Where the public water system is a water corporation*
- 15 *regulated by the Public Utilities Commission, principal forgiveness*
- 16 *shall be limited to capital improvements serving severely*
- 17 *disadvantaged communities with fewer than 200 service*
- 18 *connections and the board shall consider the realized rate of return*

1 *for the public water system as a criteria for determining the public*
2 *water system's ability to repay the costs of the financing.*

3 ~~(2) Notwithstanding any other provision of this chapter, where~~

4 ~~a~~

5 *(3) Where a public water system is not a water corporation*
6 *described in paragraph (2) and serves a severely disadvantaged*
7 *community with fewer than 200 service connections, the public*
8 *water system is deemed to have no ability to repay any financing*
9 *for a project serving the severely disadvantaged community.*

10 (c) At the request of the board, the Public Utilities Commission
11 shall submit comments concerning the ability of public water
12 systems, subject to its jurisdiction, to finance the project from other
13 sources and to repay the financing.

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